

Message Text

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TO SECSTATE WASHDC 2676
INFO AMEMBASSY SAIGON

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EXDIS

C O R R E C T E D C O P Y -- TEXT --

E.O. 11652: GDS
TAGS: ENRG, PBOR, VS, ID
SUBJECT: ENERGY-LOS: GOI-GVN CONTINENTAL SHELF DISPUTE

REF: A. STATE 111196; B. STATE 107251; C. SAIGON 6985

1. DURING MEETING WITH FONMIN MALIK JUNE 5 I RAISED
GOI-GVN CONTINENTAL SHELF DISPUTE (PARA 3 REF A) DRAWING
FROM POINTS MADE IN PARAS 1 AND 2 REF B. I STRESSED THAT
US IS ANXIOUS TO AVOID INVOLVEMENT IN THIS PROBLEM BUT
THAT WE ARE CONCERNED OVER ITS IMPLICATIONS, AND HOPE
TWO PARTIES WILL WORK OUT A SOLUTION WITHOUT CONFRONTATION.

2. MALIK STATED THAT GOI AND GVN ARE IN CONTACT THROUGH
TWO CHANNELS, STATE OIL COMPANY PERTAMINA AND ITS
VIETNAMESE COUNTERPART, AND VIA INTELLIGENCE COMMUNITIES.
AMERICAN AFFAIRS DIRECTOR SAMIL WHO ALSO PRESENT REMARKED
THAT PART OF PROBLEM STEMS FROM SVN DESIRE TO USE
DIFFERENT YARDSTICK TO DELIMIT INDONESIAN-VIETNAMESE
CONTINENTAL SHELF THAN IT USES IN DEALINGS WITH
CAMBODIA.

3. MALIK CONCLUDED THIS PART OF CONVERSATION WITH
COMMENT THAT ENGINEER TRISULO OF PERTAMINA (DIRECTOR
EXPLORATION AND PRODUCTION) WILL BE MEETING WITH HIS
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VIETNAMESE COUNTERPART IN NEAR FUTURE.

4. OTHER INFO INDICATES MALIK MAY BE BEHIND IN HIS INFORMATION ON CONTACTS BETWEEN TWO COUNTRIES. SINCE RECEIPT REFTEL B, EMBOFF HAS TALKED WITH SEVERAL KEY MINMINES, DIRECTORATE OIL AND GAS (MIGAS) AND PERTAMINA OFFICIALS, INCLUDING GEN IBNU SUTOWO AND ENG. TRISULO. CONSENSUS OF REMARKS WAS THAT IT NO USE TO GOI TO DISCUSS CONTINENTAL SHELF BOUNDARY ISSUE WITH GVN UNTIL GVN PREPARED TO ACCEPT PRINCIPLE OF "BASELINES DRAWN FROM OUTERMOST ISLANDS." LEAVING OPEN POSSIBILITY THAT SOME MINOR COMPROMISE MAY BE POSSIBLE IF PRINCIPLE ACCEPTED, GOI OFFICIALS NOTE THAT GOI ACCEPTANCE OF ANY OTHER PRINCIPLE WOULD WEAKEN GOI POSITION WITH OTHER COUNTRIES ON PENDING CONTINENTAL SHELF BOUNDARIES AND, MORE IMPORTANTLY, COULD JEOPARDIZE GOI'S SUCCESS IN GAINING ACCEPTANCE OF ARCHIPELAGO STATUS.

5. GENERAL IBNU AND ENG TRISULO (IN SEPARATE CONVERSATIONS), LIKE SAMIL, POINTED TO INCONSISTENCY IN GVN POSITION OF APPLYING ONE PRINCIPLE TO CAMBODIA AND ANOTHER TO INDONESIA.

6. AS REQUESTED PARA 4 REFTEL A, EMBOFF LEARNED FOLLOWING THROUGH OIL COMPANY REP WHOSE COMPANY IS NOT RPT NOT INVOLVED IN AGIP AREA. EMBASSY CONSIDERS INFORMATION RELIABLE. THERE ARE THREE PARTNERS IN INDONESIA'S BLOCK A IN SOUTH CHINA SEA - AGIP, PHILLIPS AND TENNECO -- FOR WHICH AGIP IS OPERATOR. IN MAY AGIP RELEASED WOODCO VII DRILLING RIG AND TUBULARS TO CONOCO AFTER PLUGGING AND BANDONING WELL AQ1-X. COMPANY SOURCE SAID THAT GIVEN SHORTAGE OF RIGS AND TUBULAR GOODS AGIP COULD NOT POSSIBLY RESUME DRILLING ACTIVITY FOR EIGHT MONTHS UNLESS "AGIP USED AN ITALIAN RIG NOT YET BUILT AND ITALIAN PIPE THAT IS NOT PRODUCED." ACCORDING SOURCE, ALL THREE BLOCK A PARTNERS HAVE RECEIVED FROM GVN (REFTEL C) LETTER REQUESTING THEM NOT TO OPERATE IN DISPUTED AREA. IN AGIP'S CASE, LOCAL MANAGER "SAT ON LETTER SPECULATING IT WAS SENT TO WRONG PERSON." BASED ON PAST EXPERIENCE, SOURCE SAID AGIP, AS GOVERNMENT SECRET

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COMPANY, DOES NOT USUALLY BACK DOWN WHEN ASKED NOT TO DRILL IN DISPUTED AREAS. "WHEN THEY ARE AWARDED AN AREA BY A GOVERNMENT, AGIP CONSIDERS THE AREA THEIRS."

7. COMMENT: IF OUR SOURCE'S INFORMATION IS CORRECT, IT IS SAFE TO ASSUME THAT NO U.S. FIRMS ARE NOW WORKING IN BLOCK A. GIVEN SAMIL'S, IBNU'S AND TRISULO'S COMMENTS, IT APPEARS TO US THAT GOI SEES THEIR CLAIM TO SOUTH

CHINA SEA AND ACCEPTANCE OF ARCHIPELAGO THEORY AS
INTIMATELY RELATED. WE WILL CONTINUE TO MONITOR
SITUATION, REPORT DEVELOPMENTS, AND URGE PARTIES REACH
SOLUTION WITHOUT CONFRONTATION. HOWEVER, IT DOES NOT
SEEM LIKELY GOI IS WILLING TO COMPROMISE ON PRINCIPLES
TO BE APPLIED AND MAY BE WAITING FOR OUTCOME OF LOS
CONFERENCE AND ACCEPTANCE OF ARCHIPELAGO THEORY TO
STRENGTHEN THEIR POSITION.
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